EXHIBIT 1

NBHJSECH

1 UNITED STATES DISTRICT COURT
  SOUTHERN DISTRICT OF NEW YORK
2 ------------------------------x

3 SECURITIES AND EXCHANGE
  COMMISION,
4
                Plaintiff,
5
          v.   23 Civ. 1346 (JSR)
6
  TERRAFORM LABS PTE LTD., ET
7 AL.,
                                          Hearing
8
                Defendants.
9
  ------------------------------x
10   New York, N.Y.
                                          November 17, 2023
11   2:00 p.m.

12 Before:

13   HON. JED S. RAKOFF,

14   District Judge

15   APPEARANCES

16 U.S. SECURITIES AND EXCHANGE COMMISSION
        Attorneys for Plaintiff
17 BY: CHRISTOPHER J. CARNEY
        JAMES P. CONNOR
18   LAURA E. MEEHAN

19 DENTONS US LLP
        Attorneys for Defendants Do Hyeong Kwon and Terraform Labs
20 BY: DOUGLAS W. HENKIN
        LOUIS A. PELLEGRINO, III
21   MARK CALIFANO
        MATTHEW A. LAFFERMAN
22   DAVID L. KORNBLAU

23 Also Present:

24 Elliott Bacon, Katten Muchin Rosenman
   Sarah Gonzalez, Paralegal
25

1   I haven't analyzed, you know, for example, how Chai accepted

2   credit card payments or interacted with fiat currency systems.

3   Q   In fact, you testified that you did not know how Chai

4   operated; is that correct?

5   A   Correct. Again, my analysis in this case and my opinions

6   relate to an analysis of source court in Terra blockchain

7   transactions.

8   Q   So you have not analyzed any commercial payment systems

9   that use fiat, and in this case, you were unable to examine any

10   part of the Chai payment system other than the single component

11   that is identified as the LP server; is that correct?

12   A   No, I don't believe that's correct. I gave on example

13   before of analysis that involved a traditional payment

14   provider, and my analysis in this case involved analysis of

15   more than just the LP server.

16   MR. CALIFANO: Your Honor, I think I can stop there.

17   THE COURT: Okay.

18   REDIRECT EXAMINATION

19   BY MR. CARNEY:

20   Q   Dr. Edman, what did you review in connection with forming

21   your opinions in this case?

22   A   I reviewed data from a variety of sources. This included

23   source code repositories for components developed by Terraform

24   Labs, including the LP server, an LP watcher application. I

25   reviewed internal communications, emails, chats involving the

NBHJSECH   Edman - Redirect

1   developers of these systems. I reviewed information related to

2   a website called Chai Scan, which purported to track Chai

3   payment transactions, deposition transcripts, really a variety

4   of sources.

5   Q   And is it normal in your line of work for someone to

6   review, for instance, communications between developers?

7   A   Yes. In I would say pretty much every single

8   investigation, including blockchain-related investigations,

9   that involves, you know, not just analyzing and collecting

10   blockchain data, but also adding context to that data by

11   examining other sources.

12   Q   And how is it that you can determine what the LP server did

13   in this case without the inputs that defense counsel referred

14   to?

15   A   Well, the LP server is just source code and a fairly small

16   application at that. So I could analyze that source code. I

17   could look at what it expected the inputs to be, and I could

18   analyze what it would do with those inputs. It's a

19   deterministic system. So given certain inputs, you can analyze

20   the software and determine what the outputs are. In this case,

21   the outputs from the LP server are blockchain transactions

22   which are public, and so I was able to identify the properties

23   of those blockchain transactions based on reviewing the source

24   code associated with the LP server and then identifying those

25   transactions on the public Terra blockchain.

NBHJSECH   Edman – Redirect

1   Q   So just to be clear, did you need the inputs to identify LP

2   server blockchain transactions?

3   A   No.

4   Q   And did you do anything to verify your identification of LP

5   server blockchain transactions?

6   A   I did. I reviewed some public posts that were made by Do

7   Kwon where he identified and pointed to screenshots of certain

8   transactions on the Terra blockchain and identified them as,

9   you know, purported Chai transactions. I compared those

10   transactions and the properties of those transactions to the

11   properties that I used in my methodology for identifying Chai

12   transactions on the Terra blockchain and confirmed that they

13   were consistent.

14   Q   Okay. And based on your analysis, did the properties of LP

15   transactions on the Terra blockchain change over time?

16   A   They did. At a high level, there were kind of two

17   different properties or different characteristics of blockchain

18   transactions generated by the LP server. Prior to

19   December 2019, the LP server source code, it appeared to ignore

20   a merchant ID that was one of the inputs, and it would just

21   create transactions from an address called the LP wallet. It's

22   two purported user wallets controlled by the LP server, and

23   then a matching transaction sending funds back to the LP

24   wallet. Post December 2019, it started to incorporate merchant

25   IDs into those transactions.

NBHJSECH   Edman – Redirect

1   Q   Okay. And just so we understand, if the inputs to the LP

2   server were not necessary for your analysis, do you have an

3   understanding as to why the SEC would have requested a copy of

4   the LP server?

5   A   So the copy of the LP server is interesting, aside from

6   just the inputs, because it can provide a source of forensic

7   analysis. You can analyze this computer system and determine,

8   for example, who accessed this system, what they did while they

9   were on that system, commands that they had run. I identified

10   certain scripts that were developed alongside the LP server. I

11   don't provide an opinion in my report whether those were run,

12   but given access to the LP server itself, based on a forensic

13   analysis of that, you could determine whether and when and by

14   whom those scripts are run.

15   Q   And did you analyze the source code associates with

16   additional scripts or programs in the LP server repository?

17   A   I did.

18   Q   And then, finally, in your report do you offer any opinions

19   regarding the state of mind or the intent of the developer or

20   the LP server?

21   A   No. I quote in my report statements made by the developer,

22   but the opinions in my report are really based on analysis of

23   blockchain transactions, other data produced in this case, as

24   well as my analysis of what the LP server source code did.

25   MR. CARNEY: Thank you.